

Message Text

CONFIDENTIAL

PAGE 01 STATE 092246

47

ORIGIN SS-10

INFO OCT-01 CCO-00 RSC-01 FILE-01 SSO-00 ADP-00 /013 R

66603

DRAFTED BY: S/ S- O: SWWORREL

APPROVED BY/ SA/ S- O: KAKURZE

----- 068324

O 151709 Z MAY 73 ZFF4

FM SECSTATE WASHDC

TO AMEMBASSY CARACAS IMMEDIATE

C O N F I D E N T I A L STATE 092246

TOSEC 39

FOLLOWING SENT ACTION SECSTATE INFO JIDDA KUWAIT TRIPOLI LONDON
DHAHRAN FROM TEHRAN MAY 15

QUOTE

C O N F I D E N T I A L TEHRAN 3363

E. O. 11652: GDS

TAGS: ENRG, IR

SUBJECT: OIL/ GOI/ CONSORTIUM NEGOTIATIONS

REF: TEHRAN 3165

1. BRAZELL AND OTHER U. S. MEMBERS CONSORTIUM TEAM CALLED ON
ECONCOUNSELOR AND PETOFF MAY 12 AND MAY 15 TO BRIEF ON NEGOT-
ITATIONS. REPORTED THAT PROGRESS HAS CONTINUED AND QUICKENED
ALTHOUGH A FEW LESSER ISSUES AND THE MAJOR ONE OF GAS REMAINED
UNRESOLVED. BOTH SIDES NOW EXPECT TO GO TO LONDON ON MAY 17
TO BEGIN DRAFTING LANGUAGE OF AGREEMENTS (THIS HAS BEEN CONFIRMED
BY NIOC SOURCE).

2. AMONG THE LESSER ISSUES, ON ARBITRATION, THE PARTIES HAD
BEEN AGREED THAT IN THE EVENT OF AN IMPASSE BETWEEN ARBITRATORS
CHOSEN BY THE TWO SIDES, THE INTERNATIONAL CHAMBER OF COMMERCE
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 STATE 092246

IN PARIS WOULD APPOINT A THIRD ARBITRATOR WHOSE JUDGMENT WOULD BE FINAL. HOWEVER, THE IRANIANS ARE NOW INSISTING THAT HIS JUDGMENT BE EXECUTED UNDER IRANIAN LAW AND THROUGH IRANIAN COURTS, A POSITION TOTALLY UNACCEPTABLE TO THE CONSORTIUM. CONCERNING RELINQUISHMENTS, NIOC HAD ASKED CONSORTIUM TO YIELD ISLAND IN ITS AREA (I. E., KHARG, QESHM, ETC.) AS WELL AS 30 PER CENT OF MAINLAND AREA; CONSORTIUM SAYS 30 PERCENT MUST BE CALCULATED ON TOTAL SURFACE AREA OF CONCESSION. THIS LATTER HAS NOW BEEN AGREED.

3. CONCERNING GAS, NOW APPEARS TO BE AGREED THAT CONSORTIUM HAS FIRST RIGHT ON BOTH ASSOCIATED AND NON- ASSOCIATED GAS NOT REQUIRED INTERNALLY NOR EXPORTED BY NIOC THROUGH A DIRECT PIPELINE. ALSO AGREED THAT CONSORTIUM MAY TAKE SUCH ASSOCIATED GAS AT COST AS PROVIDED IN 1954 AGREEMENT (AT PRESENT THERE IS ONLY A SMALL AMOUNT OF THIS AVAILABLE), BUT ON NON- ASSOCIATED GAS, NIOC WANTS CONSORTIUM TO PAY A DISCOUNTED MARKET PRICE WHICH WOULD BE HIGHER THAN COST.

4. PHASE- IN AND BRIDGING OIL PRICES HAD BEEN THE MAJOR STUMBLING BLOCK BUT THEY HAVE NOW BEEN RESOLVED SATISFACTORILY. ARMFIELD SOCARB BELIEVES THAT WORKING OUT THE TOTAL PRICING FORMULA WILL PROCEED SMOOTHLY.

5. RE GAS, FALLAH HAD PROPOSED THAT GAS ISSUE BE LEFT FOR LATER DISCUSSION BUT COMPANY REPS ARE INSISTING THAT IT BE CLEARED UP PRIOR TO THE OVERALL AGREEMENT. CONSORTIUM REPS ASKED EMBASSY BE PREPARED INTERCEDE AT APPROPRIATE LEVEL IN CONCERT WITH UK EMBASSY IF IT BECAME NECESSARY. WE HAVE AGREED TO CONSIDER PRESENTING PAPER TO COURT MINISTER SHOULD WE BE ASKED-- BUT ONLY IF ASKED. UK AMBASSADOR UNWILLING APPROACH SHAH ON QUESTION WITHOUT INSTRUCTIONS FROM LONDON. FYI- RAMSBOTHAM RAISED MATTER WITH SHAH FOUR OR FIVE DAYS AGO AND WAS SOMEWHAT COOLY REBUFFED. END FYI. BOTH WE AND BRITS BELIEVE THAT IF SHAH' S INFORMATION RE LEAPFROGGING POSSIBILITIES INHERENT IN HIS PRESENT GAS POSITION IS FAULTY, IT IS UP TO COMPANIES TO PRESENT COGENT INFORMATION, NOT EMBASSIES.
HECK
UNQUOTE RUSH

CONFIDENTIAL
NMAFVVZCZ

*** Current Handling Restrictions *** n/a

*** Current Classification *** CONFIDENTIAL

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 15 MAY 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: smithrj
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973STATE092246
Document Source: CORE
Document Unique ID: 00
Drafter: O: SWWORREL
Enclosure: n/a
Executive Order: RR
Errors: n/a
Film Number: n/a
From: SECSTATE WASHDC
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730544/aaaajfig.tel
Line Count: 101
Locator: TEXT ON-LINE
Office: ORIGIN SS
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 73 TEHRAN 3165
Review Action: RELEASED, APPROVED
Review Authority: smithrj
Review Comment: n/a
Review Content Flags:
Review Date: 24 JAN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <24-Jan-2002 by martinjw>; APPROVED <24-Jan-2002 by smithrj>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: <DBA CORRECTED> gwr 980213
Subject: OIL/ GOI/ CONSORTIUM NEGOTIATIONS
TAGS: ENRG, IR
To: CARACAS
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005